

<i>SERFF Tracking Number:</i>	<i>XLAM-125678789</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>XL Specialty Insurance Company</i>	<i>State Tracking Number:</i>	<i>EFT \$100</i>
<i>Company Tracking Number:</i>	<i>08SD-XD-DP04-MU-AR</i>		
<i>TOI:</i>	<i>17.0 Other Liability - Claims Made/Occurrence</i>	<i>Sub-TOI:</i>	<i>17.0019 Professional Errors & Omissions Liability</i>
<i>Product Name:</i>	<i>Architects, Engineers & Consultants</i>		
<i>Project Name/Number:</i>	<i>Small Firms Rate Revision Filing/08SD-XD-DP04-MU-AR</i>		

Filing at a Glance

Company: XL Specialty Insurance Company		
Product Name: Architects, Engineers & Consultants	SERFF Tr Num: XLAM-125678789	State: Arkansas
TOI: 17.0 Other Liability - Claims Made/Occurrence	SERFF Status: Closed	State Tr Num: EFT \$100
Sub-TOI: 17.0019 Professional Errors & Omissions Liability	Co Tr Num: 08SD-XD-DP04-MU-AR	State Status: Fees verified and received
Filing Type: Rate	Co Status:	Reviewer(s): Betty Montesi, Edith Roberts
	Author: Trish Pollard	Disposition Date: 06/09/2008
	Date Submitted: 06/05/2008	Disposition Status: Filed
Effective Date Requested (New): 08/15/2008		Effective Date (New):
Effective Date Requested (Renewal): 08/15/2008		Effective Date (Renewal):
State Filing Description:		

General Information

Project Name: Small Firms Rate Revision Filing	Status of Filing in Domicile: Pending
Project Number: 08SD-XD-DP04-MU-AR	Domicile Status Comments:
Reference Organization:	Reference Number:
Reference Title:	Advisory Org. Circular:
Filing Status Changed: 06/09/2008	
State Status Changed: 06/09/2008	Deemer Date:
Corresponding Filing Tracking Number:	
Filing Description:	
Rate Revision filing for our Architects, Consultants and Engineers Small Firms Program	

Company and Contact

SERFF Tracking Number: XLAM-125678789 State: Arkansas
Filing Company: XL Specialty Insurance Company State Tracking Number: EFT \$100
Company Tracking Number: 08SD-XD-DP04-MU-AR
TOI: 17.0 Other Liability - Claims Made/Occurrence Sub-TOI: 17.0019 Professional Errors & Omissions Liability
Product Name: Architects, Engineers & Consultants
Project Name/Number: Small Firms Rate Revision Filing/08SD-XD-DP04-MU-AR

Filing Contact Information

Patricia Pollard, Compliance Analyst patricia.pollard@xlai.com
1201 N. Market Street (302) 661-7010 [Phone]
Wilmington, DE 19801 (302) 778-4190[FAX]

Filing Company Information

XL Specialty Insurance Company CoCode: 37885 State of Domicile: Delaware
1201 N. Market Street Group Code: 1285 Company Type:
Suite 501
Wilmington, DE 19801 Group Name: State ID Number:
(800) 394-3909 ext. [Phone] FEIN Number: 85-0277191

Filing Fees

Fee Required? Yes
Fee Amount: \$100.00
Retaliatory? No
Fee Explanation:
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
XL Specialty Insurance Company	\$100.00	06/05/2008	20686315

SERFF Tracking Number: *XLAM-125678789* *State:* *Arkansas*
Filing Company: *XL Specialty Insurance Company* *State Tracking Number:* *EFT \$100*
Company Tracking Number: *08SD-XD-DP04-MU-AR*
TOI: *17.0 Other Liability - Claims Made/Occurrence* *Sub-TOI:* *17.0019 Professional Errors & Omissions Liability*

Product Name: *Architects, Engineers & Consultants*
Project Name/Number: *Small Firms Rate Revision Filing/08SD-XD-DP04-MU-AR*

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Edith Roberts	06/09/2008	06/09/2008

<i>SERFF Tracking Number:</i>	<i>XLAM-125678789</i>	<i>State:</i>	<i>Arkansas</i>
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<i>Product Name:</i>	<i>Architects, Engineers & Consultants</i>		
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Disposition

Disposition Date: 06/09/2008

Effective Date (New):

Effective Date (Renewal):

Status: Filed

Comment:

Company Name:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):	Overall % Indicated Change:
XL Specialty Insurance Company	%	\$		\$	%	%	8.300%

SERFF Tracking Number: XLAM-125678789 State: Arkansas
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 Product Name: Architects, Engineers & Consultants
 Project Name/Number: Small Firms Rate Revision Filing/08SD-XD-DP04-MU-AR

Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Filed	Yes
Supporting Document	NAIC Loss Cost Filing Document for OTHER than Workers' Comp	Filed	Yes
Supporting Document	NAIC loss cost data entry document	Filed	Yes
Rate	FAST Arkansas	Filed	Yes

SERFF Tracking Number:	XLAM-125678789	State:	Arkansas
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TOI:	17.0 Other Liability - Claims Made/Occurrence	Sub-TOI:	17.0019 Professional Errors & Omissions Liability
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Rate Information

Rate data applies to filing.

Filing Method:	Prior Approval
Rate Change Type:	Increase
Overall Percentage of Last Rate Revision:	-8.000%
Effective Date of Last Rate Revision:	09/15/2007
Filing Method of Last Filing:	Prior Approval

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):
XL Specialty Insurance Company	8.300%	%				%	%

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Rate/Rule Schedule

Review Status:	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Number:	Attachments
Filed	FAST Arkansas	8/2008	Replacement	AR-PC-07-025205	FAST Arkansas 0808.pdf

XL Specialty Insurance Company
Architects, Engineers, and Environmental Consultants
Small Firm Professional Liability Program

Premium Calculation

- a. The rates shown below shall be applied per \$100 of weighted annual gross fees of the insured.
- b. Gross fees means the exact dollar amount of gross revenues, including subconsultant fees and reimbursable expenses, but excluding (1) interest income; (2) rental income on real estate; (3) sales and service taxes; (4) fees, for projects which have been abandoned; (5) fees for projects covered by a separate project policy; and (6) revenues that are not part of the firm's customary or usual professional services as an architect or engineer, including EDP or related computer services.
- c. The weighted annual gross fees can be determined by averaging the annual fees over a specified number of years to account for cyclical changes in a firm's business activity. If rapid growth in fees results in a prior years fees being less than 70% of the following year fees, an adjustment will be made to bring the prior fees to 70% of the following years fees.
- d. Premiums shall be rated with the following Base Rates, subject to the premium modifications described below.

Base Rates

The base rate is \$4.6 per \$100 of weighted fees at the base limit of \$250,000 and base deductible of \$5,000. An expense modification factor to reflect expense gradation will be applied to the premiums of each policy as measured by weighted fees. Expense Loads by weighted fee interval are as follows:

<u>Weighted Fees</u>	<u>Expense Loads</u>
\$0 to \$125,000	.62
\$125 to \$185,000	.58
\$185 to \$250,000	.425
\$250 to \$450,000	.425
\$450 to \$1,000,000	.38

Base Rate Adjustments

The base rate applicable to weighted fees is modified to recognize various risk and exposure characteristics of each individual insured.

XL Specialty Insurance Company
Architects, Engineers, and Environmental Consultants
Small Firm Professional Liability Program

A. Discipline factor

	<u>Factor</u>
(1) Structural Engineering	1.60
(2) Mechanical Engineering	0.70
(3) Electrical Engineering	0.55
(4) Civil Engineering – WWTP	1.00
(5) Civil Engineering – Other	0.90
(6) Architect	1.00
(7) Landscape Architect	0.45
(8) Surveyor	0.70
(9) Interior Design	0.325
(10) Traffic Engineering	0.50
(11) Environmental Engineering	0.60
(12) Architect Planner	0.30
(13) Process Engineering	0.75
(14) Acoustical Engineering	0.275
(15) Illumination Engineering	0.275

An average discipline factor is calculated based on the distribution of the firm's weighted fees to reflect the different level of expected losses for each type of design professional.

B. Type of Work Performed

To further differentiate loss exposure levels within a particular discipline, the type of work generating fees for the firm is considered. For fees shown for any of the following exposures, modify the previously determined rate to recognize the extent of such additional exposures. The maximum total credit is 50%. For debits areas, only 50% of the fees in each area will be used and the maximum total debit is 25%.

Range of Modifications

<u>Type of Work</u>	<u>Credit</u>
Feasibility Studies	-50.0% - 0
Industrial - Commercial (restaurants, office)	-16.7% - 0
Sub-Consultant – Structural	-25.0% - 0
Sub-Consultant – Other	-25.0% - 0
Roads – Highways	-12.5% - 0
Utilities	-12.5% - 0

<u>Type of Work</u>	<u>Debit</u>
Arenas (WWTP, Site Remediation)	0 - +25.0%
Bridges – Tunnels	0 - +25.0%
Piers – Offshore Structures	0 - +25.0%

XL Specialty Insurance Company
Architects, Engineers, and Environmental Consultants
Small Firm Professional Liability Program

C. Territory

There is one rating territory in Arkansas. The rating territory assignment is based on the location of the insured's office, not where their work is performed. The territory factor is 0.80, applied to the countrywide base rate. If the firm has multiple office locations, a weighted territory factor will be calculated using the fees from each location as weights.

D. Prior Acts

Reduced prior acts coverage is applicable to policyholders who have purchased "tail" coverage from a prior carrier; a new firm with no previous experience; a firm previously uninsured; or a firm requesting such an exclusion and evidencing a clear knowledge of the consequences. Premium credits based on the following tables will be applied to the premium of those policyholders subject to exclusion of prior acts.

	<u>Table A</u>	<u>Table B</u>
Rate 1 - Full coverage of prior acts	1.00	1.00
Rate 2 - Six years of prior acts coverage	1.00	0.94
Rate 3 - Five years of prior acts coverage	0.96	0.88
Rate 4 - Four years of prior acts coverage	0.93	0.82
Rate 5 - Three years of prior acts coverage	0.89	0.76
Rate 6 - Two years of prior acts coverage	0.86	0.71
Rate 7 - One year of prior acts coverage	0.81	0.65
Rate 8 - No prior acts coverage	0.76	0.59

Table A applies to surveyors, landscape architects, architect planners, interior designers, traffic engineers, acoustical engineers, illumination engineers, and civil - other than WWTP. Table B is applicable to all other disciplines. A weighted prior acts factor is calculated using the distribution of fees by discipline. Full retro coverage is available after one year, at the appropriate rate. Full retro coverage on a project specific basis is also available with the additional premium determined as follows: Rate as determined above x fees for project x 10% for project one year ago, Rate x fees for project x 20% for project two years ago, Rate x fees for project x 30% for project three years ago.

XL Specialty Insurance Company
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E. Frequency Modification

An expected claim count is calculated which reflects the deductible underlying the experience, all appropriate rating factors, and the size of the firm as measured by weighted fees. Actual claims in excess of the deductible underlying the experience are compared to expected claims ("expense only" claims are not counted in this calculation). Experience factors range from 0.50 to 1.60, using the following ranges: a 0.50 factor would be applied to a firm with no claims over the past five years, compared to six expected claims. A 1.60 factor would be applied to a firm with five claims, compared to one expected claim.

The matrix of modifications is as follows:

Expected Claims	<u>Actual Claims</u>					
	0	1	2	3	4	5
0.000	(0.05)	0.05	0.20	0.50	0.60	0.60
0.375	(0.15)	0.00	0.10	0.30	0.45	0.60
0.750	(0.15)	0.00	0.10	0.25	0.40	0.55
1.000	(0.15)	0.00	0.10	0.20	0.35	0.50
1.500	(0.20)	(0.10)	0.05	0.15	0.25	0.40
2.000	(0.25)	(0.15)	0.00	0.10	0.20	0.35
2.500	(0.30)	(0.20)	(0.10)	0.05	0.15	0.25
3.000	(0.35)	(0.25)	(0.10)	0.00	0.10	0.20
3.500	(0.40)	(0.30)	(0.15)	0.00	0.05	0.15
4.000	(0.40)	(0.30)	(0.20)	(0.10)	0.00	0.10
4.500	(0.40)	(0.30)	(0.20)	(0.10)	0.00	0.05
5.000	(0.45)	(0.35)	(0.25)	(0.15)	(0.05)	0.00

XL Specialty Insurance Company
Architects, Engineers, and Environmental Consultants
Small Firm Professional Liability Program

F. Policy Limits and Deductibles

The base rate is calculated at a \$250,000 aggregate policy limit and a \$5,000 deductible (applicable to losses only). The aggregate policy limit and per claim deductible features make the use of a single set of factors inappropriate. Premiums for other deductibles and policy limits are calculated using loss distributions for each insured, based on the overall size and expected loss frequency of the risk. This is reflected in the basic limits rating as size modification. An aggregate deductible of one times the current per claim deductible will be given to firms that have been claims free for five or more years, at no cost. When the deductible applies to both loss and loss adjustment expense, the credits noted below will be applied.

For a \$300,000 risk, average increased limits and deductible factors are as follows:

<u>Limit</u>	<u>Factor</u>	<u>Deduct</u>	<u>Factor</u>	<u>L/LAE Credit</u>
\$100,000/ 100,000	0.60	\$0	1.470	n/a
\$100,000/ 300,000	0.67	\$1,000	1.275	-4.17%
\$250,000/ 250,000	1.00	\$2,500	1.150	-5.93%
\$250,000/ 500,000	1.10	\$5,000	1.000	-6.98%
\$500,000/ 500,000	1.24	\$10,000	0.940	-9.09%
\$500,000/1,000,000	1.34			
\$1,000,000/1,000,000	1.49			
\$1,000,000/2,000,000	1.61			
\$2,000,000/2,000,000	1.82			

G. Size Modification

This factor reflects the interaction of the policy aggregate limit with the expected losses for each policy. Credits are calculated for each insured which reflect the expected losses eliminated by the policy aggregate. Increased limits factors will also vary based on the amount of expected losses eliminated by the policy aggregate. In the case of a minimum premium policy, this factor will reflect the impact of imposing the minimum premium rules.

H. Minimum Premiums

The base minimum premium for a \$250,000 policy limit with a \$5,000 deductible is \$1,418. Minimum premiums are adjusted for other desired policy limits based upon increased limits factors.

XL Specialty Insurance Company
Architects, Engineers, and Environmental Consultants
Small Firm Professional Liability Program

I. Extended Reporting/Discovery Period Endorsement

The company may allow the insured to purchase extended reporting coverage. Coverage afforded by this endorsement allows for claims to be made against the insured and reported to us later than the original expiration date, but only for wrongful acts which occurred during the original policy period.

Reporting period	Premium (% of annual premium for expiring policy)
1 year	100%
2 years	200%
3 years	300%

J. Earnings Reimbursement

Earnings Reimbursement is provided in addition to the normal policy limit and is not subject to the normal policy deductible. The base limit is \$300 per claim, \$6,000 annual aggregate with a three day deductible. Premium is included in the base rate. Refer all other options to the company.

K. Judgment Rating

Each risk generating a premium of \$1,418 (at base limit) or more will be subject to application of a "judgment" rating program. The purpose of this plan is to allow rating flexibility as deemed appropriate by experienced underwriters using the application, knowledge of A/E/E underwriting, knowledge of A/E/E procedures, and knowledge of the particular risk. However, the use of judgment rating is subject to the following rules:

- a. No rating factor included in this plan may be used to qualify risks for judgment rating, except that a minimum premium may not be further reduced by use of judgment rating.
- b. Total Judgment debits or credits under this rule must not exceed 15%.
- c. Each judgment rating (including 0) must be supported by completed form UW2003 or equivalent.
- e. Judgment rating applies to the total premium after application of all rating factors except PLEP, LOL or Peer Review.

XL Specialty Insurance Company
Architects, Engineers, and Environmental Consultants
Small Firm Professional Liability Program

L. Two Year Policy Option

Premium for the second year of a two-year policy is calculated as described above. For firms with more than \$500,000 in weighted fees that have grown by more than 25%, an additional year of fees is estimated and used in the weighted fee calculation.

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Product Name: Architects, Engineers & Consultants
Project Name/Number: Small Firms Rate Revision Filing/08SD-XD-DP04-MU-AR

Supporting Document Schedules

Satisfied -Name: Uniform Transmittal Document-Property & Casualty **Review Status:** Filed 06/09/2008
Comments:
Attachments:
NAIC Transmittal.pdf
Actuarial Memorandum-AR.pdf

Bypassed -Name: NAIC Loss Cost Filing Document for OTHER than Workers' Comp **Review Status:** Filed 06/09/2008
Bypass Reason: N/A
Comments:

Bypassed -Name: NAIC loss cost data entry document **Review Status:** Filed 06/09/2008
Bypass Reason: N/A
Comments:

Property & Casualty Transmittal Document

1. Reserved for Insurance Dept. Use Only	2. Insurance Department Use only	
	a. Date the filing is received:	
	b. Analyst:	
	c. Disposition:	
	d. Date of disposition of the filing:	
	e. Effective date of filing:	
	New Business	
	Renewal Business	
	f. State Filing #:	
g. SERFF Filing #:		
h. Subject Codes		

3. Group Name	Group NAIC #
XL America, Inc.	1285

4. Company Name(s)	Domicile	NAIC #	FEIN #	State #
XL Specialty Insurance Company	DE	37885	85-0277191	

5. Company Tracking Number	08SD-XD-DP04-MU-AR
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Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6.	Name and address	Title	Telephone #s	FAX #	e-mail
	Patricia Pollard 1201 N. Market, Suite 501 Wilmington, DE 19801	Senior State Filings Analyst	302-661-7059 866-304-3079	302-778-4190	Patricia.Pollard@xlgroup.com

7.	Signature of authorized filer	
8.	Please print name of authorized filer	Patricia Pollard

Filing information (see General Instructions for descriptions of these fields)

9. Type of Insurance (TOI)	Other Liability
10. Sub-Type of Insurance (Sub-TOI)	Professional Liability
11. State Specific Product code(s) (if applicable)[See State Specific Requirements]	
12. Company Program Title (Marketing title)	Architects, Engineers & Consultants
13. Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input checked="" type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
14. Effective Date(s) Requested	New: 08/15/2008 Renewal: 08/15/2008
15. Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
16. Reference Organization (if applicable)	

20. This filing transmittal is part of Company Tracking #	04SD-XD-DP04-MU-AR
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XL Specialty Insurance Company is filing a revision to their Small Firms Architects and Engineers Professional Liability Program Rate and Rule Filing. This filing does not replace or revise the rates currently on file for our regular Architects and Engineers Professional Liability & Architects, Consultants and Engineers Professional and Environmental Liability Program (AE).

We have recently completed a review of our base rates for the Architects & Engineers Errors & Omissions Small Firms Program. As a result of this review, changes are being made to the territory factors and minimum premiums. In addition, a slight change is being made to the language in the premium calculation section item c.

This filing amends our last filing which was submitted to your department under our file number 07SD-XD-DP08-MU-AR, your file number AR-PC-07-025205, effective September 15, 2007.

We propose an effective date of August 15, 2008.

22.	Filing Fees (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]
<div data-bbox="159 1526 354 1593"> <p>Check #: EFT</p> <p>Amount:</p> </div> <div data-bbox="159 1841 1474 1911"> <p>Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.</p> </div>	

Effective March 1, 2007

*****Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)**

Actuarial Memorandum
Arkansas

XL Specialty Insurance Company recently completed a regular review of its rating factors for the Architects & Engineers Errors & Omissions Small Firm Program. As a result of this review, changes are being made to the territory factor, expense factors and minimum premiums. In addition, a slight change is being made to the language in the premium calculation section item c. A revised state rate manual is attached.

We expect the overall impact from these changes in Arkansas to be - 8.3%.